

NSC BRIEFING

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DEVELOPMENTS IN SOUTHEAST ASIA

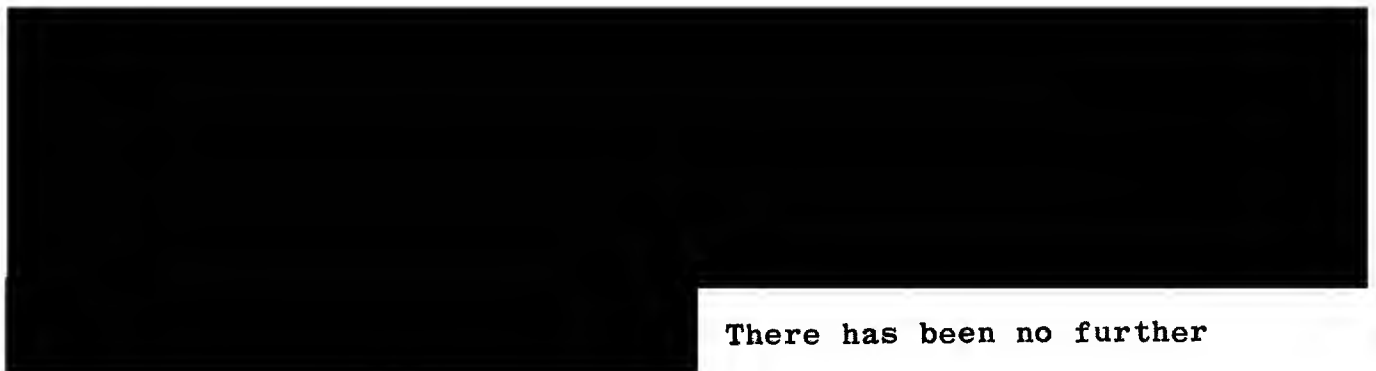
(Burma)

The Burmese have all but given up hope that the four-power committee in Bangkok will be able to arrange the evacuation of Chinese Nationalist troops from Burma. Rangoon is planning to raise the issue again in the UN. It is also preparing to resume large-scale military operations against the Nationalists. Should these actions prove fruitless, there is evidence that the Burmese may feel compelled to seek Chinese Communist assistance in eliminating the Nationalists.

Four-power negotiations continue to be marked by the stalling tactics of the Nationalist representative, acting upon specific instructions from Taipei. Moreover, there are increasing indications that the Nationalist forces are still being supplied from Thailand by both land and air. These

developments suggest that Taipei at best is contemplating only a token withdrawal, even if an evacuation agreement is reached at the Thai capital.
(Thailand)

Thailand police have arrested fourteen persons, including the air force chief of staff, on charges of plotting to overthrow the government in connivance with Vietnamese Communists.
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There has been no further evidence indicating that such a development is imminent. Should it occur, the prospects are that the ruling military clique would seek to dominate a regency that would rule for the king's infant son. These events are not expected to jeopardize Thailand's security.

(Philippines)

In the Philippines, the present campaign for the November presidential and senatorial elections is becoming increasingly heated. There are numerous indications that the Liberal Party is preparing to use fraud and force. Considerable evidence exists that Liberal leaders are seeking to obtain a Huk "surrender" by offering easy terms. The American embassy is deeply concerned that such a development would provide the Huks an opportunity to further their current infiltration tactics. This would be a serious threat to Philippine security.

President Quirino is reliably reported to be on the verge of appointing a notoriously corrupt political general to the post of secretary of defense. This officer was Armed Forces chief of staff in 1949 and used the Army to support Quirino in the fraudulent elections that year. Finally, there is the possibility that Liberal leaders will resort to extreme measures to

prevent Vice President Lopez, now running for the Senate on the anti-administration Magsaysay ticket, from succeeding to the presidency should the gravely-ill Quirino die before November. Should the November elections take place in an atmosphere of fraud and violence, the chances of Magsaysay's election are slim.

DEVELOPMENTS IN INDOCHINA

There has been no improvement in the Indochina picture, except the promise of more efficient military leadership by the new commander, General Navarre. The French are still uncertain regarding the next Viet Minh objectives. They know, however, that the Viet Minh will attack, as it has every year, with the end of the rainy season in late September. They believe that decreased enemy supply operations in the direction of Laos point to a Viet Minh concentration on the Tonkin delta. There is no more reliable evidence available indicating the enemy's planned strategy. The Viet Minh could probably overrun the delta if it is prepared to face the enormous losses which such an effort would entail.

Current Moscow and Peiping propaganda has hinted at an armistice in Indochina. This is probably an attempt to promote defeatism in France -- where there is strong pressure for some solution to the Indochina problem -- rather than a real peace move. The Communists are probably hoping at least to

weaken the French military effort against the Viet Minh.

The French confirm their acceptance of General Navarre's plan to move to the offensive, subject to a firm American commitment of approximately \$400 million in extra aid. However, there is reason to doubt that the French command in Indochina will be able to fulfill its plan to undertake an offensive beginning 15 September. It must be emphasized that Viet Minh infiltration of the Tonkin delta is now so heavy that almost all French forces are needed there for security duties. Also, it is unlikely that any substantial portion of the nine battalions which General Navarre is borrowing from France could in any event arrive in Indochina by that date.

In addition to the \$400 million in extra aid for French forces, the French are now taking the position that the cost of the Associated States armies in 1954 should be borne entirely by the Associated States and the United States. This would amount to a sum of \$171 million from the Associated States and \$386 million from the United States.

On the political front, future French-Associated States relations will be largely determined by the outcome of French-Cambodian negotiations now taking place. It appears that after more than two months of frequently bitter negotiations the French have made substantial concessions to Cambodian demands and are on the verge of making still more. The outcome of these talks will set a precedent which a Vietnamese delegation, now in Paris, will exploit in negotiating for complete independence. Reported Vietnam demands are so far-reaching that they might, if the French suffer severe military reverses this fall and winter, cause Paris seriously to consider the desirability of withdrawing from Indochina.